



John Maryon (left), Consulting Engineer for the new Moncton Communications Tower, describes details of the model to Kenneth V. Cox, (centre), Company President and W. H. R. Smith, Chief Engineer. When completed the tower will stand 350 feet high, dominating the Moncton skyline from every approach.



NBTel

Report to Share Owners

Autumn, 1970

QUARTERLY DIVIDEND

20 cents per share paid October 15
to Share Owners of record on Sep-
tember 19, 1970.

**The New Brunswick Telephone
Company, Limited
22 Prince William Street
Saint John, N. B.**

Dear Share Owner:

The improvement in earnings continues to be encouraging. Earnings of 34 cents per share in the third quarter brought the Net Income per share for the first three quarters of the year to 97 cents compared with 74 cents for the same period last year—an increase of 31 per cent.

The Summer report noted a growth rate on operating revenues of 16 percent for the first 6 months compared with last year. This rate of revenue growth increased to 16.8 percent by the end of the third quarter. Only about 5 percent of this increase results from the new schedule of rates introduced in December of last year. The increase in operating expense has been held to 9.8 percent — it was 10.2 percent at mid-year.

Growth in all long distance services in the first 9 months, enhanced by an intensive promotional campaign and an uncertain postal situation, was exceptionally good. In the month of July, for the first time in the Company's history, the volume of long distance messages handled exceeded one million. Revenues from these services increased 17.7 percent, of which about 10.7 percent was in out-of-province business. Exchange service revenue increased 14.4 percent in the first nine months, partially due to the new rate schedules introduced in December 1969. There is every indication that growth levels reached so far this year will be maintained in the last quarter.

Work is now under way on a new NBTel communications tower in Moncton. The tower, to be completed late this year, involves an expenditure in excess of \$500,000. The 350 foot tower, to be located on the Company's Alma Street property in downtown Moncton, provides for the relocation of our microwave radio antennae. The move became necessary when plans were announced for the construction of a high rise City Hall complex which would block the path of existing microwave circuits.

Prolonged negotiations between the Company and the Union representing Plant Craft employees, storekeepers and stockmen, building equipment mechanics and boiler attendants were brought to a conclusion on October 20 with the signing of a new 2-year working contract. The previous contract expired on July 1, 1970. Agreement on the new contract, which provides for a wage increase in addition to several changes in working conditions, followed the convening of a Conciliation Board appointed by the Minister of Labour. A new 2-year contract with the Union representing Traffic Operators was signed on September 1, 1970.

Kenneth V. Cox
President
October 28, 1970

The New Brunswick Telephone Company, Limited

COMPARATIVE INCOME STATEMENT (in thousands)

	Nine Months Ended September 30		Twelve Months Ended September 30	
	1970	1969	1970	1969
Operating Revenues	\$30,165	\$25,828	\$39,669	\$34,388
Operating Expenses	18,979	17,279	25,244	22,709
Net Operating Revenues	11,186	8,549	14,425	11,679
Other Income	201	168	283	215
Income Before Interest Charges	11,387	8,717	14,708	11,894
Interest Charges	2,524	2,059	3,283	2,695
Income Before Tax Thereon	8,863	6,658	11,425	9,199
Income Taxes	4,550	3,415	5,854	4,805
Net Income	4,313	3,243	5,571	4,394
Dividend Appropriation	2,668	2,636	3,553	3,511
Retained Earnings	\$ 1,645	\$ 607	\$ 2,018	\$ 883
Average Shares Outstanding (in thousands)	4,446	4,393	4,441	4,388
Net Income Per Share	\$0.97	\$0.74	\$1.25	\$1.00

The New Brunswick Telephone Company, Limited

SOURCE AND APPLICATION OF FUNDS (in thousands)

	Nine Months Ended September 30	
	1970	1969
SOURCE		
From Operations:		
Net Income	\$ 4,313	\$ 3,243
Transactions not requiring Outlay of Funds:		
Depreciation Allowance—Plant	6,126	5,653
Depreciation Allowance—Work Equipment	197	185
Deferred Income Tax	892	871
	<hr/> 11,528	<hr/> 9,952
Proceeds from Debenture Issue	10,000	—
Proceeds from Stock Issued—Employees' Stock Plan	551	530
Special Refundable Tax	—	119
	<hr/> \$22,079	<hr/> \$10,601
APPLICATION		
Gross Construction Expenditures	\$11,964	\$12,349
Less: Charges to Construction not requiring Outlay of Funds	688	918
	<hr/> 11,276	<hr/> 11,431
Dividends	2,668	2,636
Miscellaneous Items	193	41
	<hr/> \$14,137	<hr/> \$14,108
Increase (decrease) in Working Capital	\$ 7,942	(\$ 3,507)